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THE SOVIET WORLD

The Soviet Union expressed definite reservations in its 4 August note answering the 15 July invitation of the three Western powers for a foreign ministers meeting on Germany and Austria. The USSR proposes to broaden the conference agenda to include "measures for the lessening of tension in international relations." It also makes an appeal for giving Communist China an equal voice in any big-power deliberation, alleging that the United Nations charter grants China this coequal responsibility.

At the same time, statements by a Soviet official at the UN suggest that the USSR may wish to avoid participating directly in the political conference called for by the Korean armistice agreement. Soviet delegate Tsarapkin, in conversations on 31 July at the UN, cited the paragraph of the truce agreement calling for the political conference and pointed out that it called for a conference "of both sides." He indicated his inability to understand the belief among UN delegates that the General Assembly had the specific responsibility for naming participants for the conference.

A few days earlier, however, Tsarapkin had commented that should the USSR participate, there would have to be a larger membership and "some kind of voting procedure." This alternative probably referred to a conference along the lines of a Soviet UN resolution of 3 December 1952 calling for an 11-member commission, including the big four, Communist China, and North and South Korea, in which the Communist members would exercise a virtual veto.

Tsarapkin's subsequent expressions apparently reflect later instructions to express a preference for a limited conference along the lines of the Panmunjom negotiations. The Kremlin may consider that overt participation in the conference would have disadvantages overbalancing the propaganda opportunities of the forum and that it can better exploit differences among the non-Communist powers over broader Far Eastern questions from a flexible behind-the-scene position.

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The appointment of Gen. Nam Il, who holds dual Soviet-North Korean citizenship, as North Korean foreign minister gives Moscow a spokesman of proven reliability and effectiveness and indicates the importance it attaches to North Korea's role in the political conference. The status of representatives of the Chinese People's "volunteers" in a conference "of both sides" is not clear, although Chinese insistence on direct representation seems likely.

Moscow will strongly back probable early Communist demands for the withdrawal of all foreign forces from Korea, which Peiping radio described on 2 August as "a decisive precondition for the peaceful settlement" of the Korean question. The USSR's alliance with Communist China will also require it to support, behind the scenes, China's demands concerning the UN and Formosa which may be advanced at a later stage.

A forthcoming Soviet policy to rehabilitate North Korea is shown by Malenkov's and Molotov's promises of assistance. Communist China and Poland have also passed measures to send "machinery, installations, and other materials and technical aid." Continued Communist aid to North Korea apparently is designed to match promised US and UN economic aid to South Korea.

In Germany, after nearly a week of limited attempts to intimidate Germans getting food in West Berlin, the East German authorities suddenly stopped the sale of rail tickets to Berlin, effectively isolating the city from the Soviet zone. It was also reported that the seizure of food and identity cards had been stepped up, to prevent East Berliners from getting food. These stricter measures may be a reflection of stronger Communist party control as a result of the reorganization on 27 July of East Germany's Socialist Unity Party.

The intensive propaganda campaign against the food offer appeared to have been a complete failure. Reports of new strikes and riots again faced Communist authorities with the choice of maintaining order through the most rigid security controls, possibly including direct Soviet assistance, or making new concessions in an attempt to undercut popular resistance.

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**SOVIET NOTE ASKS BROAD CONFERENCE
ON INTERNATIONAL TENSIONS**

The Soviet Union's note of 4 August accepted with definite reservations the 15 July request of the three Western powers for a foreign ministers' meeting on Germany and Austria. It appears that the USSR at least desires to broaden the conference agenda to include "measures for the lessening of tension in international relations."

On Germany, the USSR is ready for an all-inclusive discussion of "the German question, including the problem of the restoration of German unity and the conclusion of a peace treaty," but without the embarrassing precondition of discussing free elections. The Austrian problem is subordinated, but tied to that of Germany with the assertion that "it goes without saying" that settlement of the German problem could also contribute toward an Austrian treaty.

The USSR suggests that the composition of any group to discuss the various outstanding international problems is still open to question. In this respect an appeal is made for giving Communist China representation in big-power deliberations on the grounds that "serious current problems" in Asia cannot be resolved without Chinese Communist participation in the discussions.

Moreover, a reference to China's "legitimate rights in all international affairs" suggests continued Soviet support for Peiping's claims to China's UN seat and sovereignty over Formosa. The note points out that ignoring the Chinese People's Republic "would not be in the interests of maintenance and strengthening of peace and international security," but it is not clearly specified that Peiping must participate in discussions on Western Europe.

In its effort to broaden the agenda the USSR not only asks for consideration of measures which would promote a general lessening of international tension, but adds the issues of disarmament and "foreign military bases on the territory of other states." The injection of the latter issue will intensify existing irritations on this subject in a number of countries from Denmark and Italy around to Japan and South Korea.

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While agreeing to a discussion on Germany, the note carefully points out that the present Allied position cannot contribute to unification under an all-German democratic government or to a peace treaty, and will leave Germany divided. Characteristically, it passes over the problem of free all-German elections.

The West Germans will probably regard the present note as Moscow's "No" to German unification. Most West Germans expected a note dealing in detail with the German problem; instead, they will feel they have been given a curious collection of generalities. This note will be regarded as an evasion of the issue by both the Social Democrats, who fervently desired the USSR to move ahead on unity, as well as by Chancellor Adenauer's coalition followers who feared that it might do so. The faint hope it holds out of German unity is not likely to persuade the many undecided German voters to support the Social Democrats over Adenauer in the 6 September general election.

Austrian opinion will be greatly disappointed by the subordination of their treaty problem to that of Germany.

In France, in view of the general pessimism regarding the chances for an East-West detente following the dispatch of the 15 July notes to the USSR, any Soviet tendency to encourage talks could be expected to lead to insistence by the French government that they be held. The Soviet call for inclusion of Communist China will probably strengthen this insistence. Both the French public and government have been giving the highest priority to finding prompt means of lightening the Indochina burden, and Foreign Minister Bidault has reflected the eagerness of the press to see a general Far Eastern settlement grow out of the prospective arrangements on Korea. The Soviet emphasis on German unification naturally tends to reduce the appeal of the note for the French.

The British government can be expected to recognize fully the note's propagandistic character and divisive intent. It is not likely to be under serious pressure from public opinion to include Peiping in any early big-power talks, despite the widespread British sentiment for eventually considering the admission of Communist China to the United Nations in connection with a general Far Eastern settlement.

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SOVIET MANEUVERABILITY ON GERMANY LIMITED

Soviet foreign policy suggests that the USSR will attempt to maintain its position in East Germany while applying the flexible tactics of its conciliatory policy to its strategy of weakening West Germany's contribution to Western strength. The Soviet note of 4 August underlines this policy and there is no indication of any Soviet intention to withdraw from Germany.

The Kremlin's repeated declarations in favor of a unified Germany have apparently been intended primarily to delay and confuse Allied attempts to integrate West Germany effectively into a rearmed Western Europe.

Shifts in Soviet tactics towards Germany in the past have largely appeared to be reactions to steps taken by the Allies in building a strong West German government linked with the West; for example:

1. The development of Allied plans for a West German government led to the Berlin blockade from June 1948 to June 1949.
2. The establishment and increasing integration of the West German government into Western Europe was matched by the creation of an East German regime and its progressive Sovietization, beginning in the fall of 1949.
3. Western initiatives toward West German participation in European defense were countered by East German proposals for all-German talks in the fall of 1951 and a barrage of Soviet notes in 1952, including a peace treaty offer.

As progress toward EDC ratification has dragged, the Kremlin has not found it necessary to make more acceptable unification offers than those which the West has already rejected. Nevertheless, some new offer has been expected, designed to exploit the fall elections in Germany, the indecision in various national legislatures on ratifying EDC, and the popular hopes already aroused in Europe by the new tactics of the Kremlin's peace offensive.

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The liberalization measures which began in East Germany on 9 June, while probably motivated primarily by the need of countering serious internal discontent, also appeared to be the prelude to a new propaganda campaign for German unification. The East German politburo announcement of the first concessions said that their chief aim was the restoration of German unity, a claim repeated in press and radio.

The 16 July demand of the East German government for all-German talks on free elections and a peace treaty, quickly supported by the official Soviet newspaper in Germany, was a hackneyed proposition which had often been rejected in West Germany. This remarkably weak bid failed to undermine Adenauer since West Germans of all major parties joined in attacking it.

The 22 July Pravda editorial which attacked the Western foreign ministers' terms for a four-power meeting also failed to offer anything new. It repeated the familiar line which had been made clear in the note exchanges of 1952 and the Pravda editorials of 25 April and 24 May of this year.

These various policy statements have outlined a Soviet position which is basically inflexible on at least four points and leaves little room for maneuver:

1. A big-power conference must be called to draw up a peace treaty.
2. The treaty must recognize the present Oder-Neisse boundary.
3. A united Germany must not be militarily allied with the West.
4. Free elections can be discussed after a peace treaty has been drawn up, but they cannot be subject to the international supervision favored by the Western powers.

The Soviet note of 4 August, in reply to the Western foreign ministers' call for a four-power conference, does not represent any change in this basic policy, and underlines the narrow limits within which the Soviet Union appears ready to bargain. It repeats most of the criticisms of the Western terms for a conference contained in the 22 July Pravda editorial.

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The note does not mention the Oder-Neisse boundary, and gives no hint of a changed position on this issue. While it does not include a demand for German neutralism, it attacks the remilitarization of Germany. It attacks the Western plan for a discussion of free elections and suggests an agenda on German unity and a peace treaty without any mention of elections. It does not mention the East German plan for preliminary all-German talks, and makes no reference to Moscow's previous suggestions for some form of East and West German representation at the talks.

The note may be followed by more tangible gestures to show Soviet good faith and interest in a solution to the German problem, such as an attractive trade offer to West Germany, a return of prisoners of war, a cut in reparations, and the removal of occupation costs.

It gives even less attention than in the past to the necessity for free elections, which is a firm Western demand. The recent disturbances in the Soviet zone must have shown the Kremlin more clearly than ever that free elections would mean a crushing defeat of its puppet government in East Germany. The Soviet position, therefore, remains weak because it cannot long escape the basic issue of free elections, which would undermine its position in Germany.

The firm grip of Soviet military power over East Germany remains unshaken. Any Soviet withdrawal obviously resulting from the pressure of popular unrest is unlikely, not only because it would sacrifice the still-sizable stake in Germany, but because it would shake Soviet prestige throughout the Orbit to a dangerous degree.

West German rearmament would not yet appear to present as great a threat to the Kremlin as would a united, non-Communist Germany, which might eventually align itself with the West. Under these circumstances, the USSR is unlikely to sacrifice its power position in East Germany to any plan for a unified Germany which would be acceptable to the West.

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EFFECTS OF A KOREAN TRUCE ON OTHER FAR EASTERN PROBLEMS

An effective truce in Korea, permitting reduction of the Chinese Communist activity there, will enable Peiping to strengthen itself at home and will enhance its capabilities for making trouble elsewhere. The truce is expected also to reduce awareness of the Communist threat in much of the Far East and to lead to greater pressure in some quarters for closer political and economic relations with Communist China.

The stated views of United Nations members indicate that Peiping has no immediate prospect of occupying Taipei's UN seat. These views also reflect, however, a widespread feeling that Peiping should eventually be admitted, particularly if the Chinese actions at the postarmistice political conference suggest a genuine intention to remain peaceable. There are also indications that some non-Communist states favor the neutralization of Formosa, possibly under a UN trusteeship.

As most Western countries have agreed to maintain their economic sanctions against China for some time and Peiping must continue to support its armies in Korea and Manchuria, no important changes in Peiping's economic circumstances seem immediately in prospect. The large standing army will be a continuing problem for the regime. Many reports have suggested that the most important long-range effect of a truce on Peiping may be the diversion of some part of the Soviet military expenditure in Korea to industrial aid for China.

Chinese Communist military strength in Korea will probably remain unchanged at least until the question of the withdrawal of foreign forces is settled in the political conference. The present strength of Chinese air and ground units in the Korean theater is likely in any case to be maintained in Manchuria.

Chinese Communist forces stationed near China's periphery are currently capable of invading any or all areas of the Southeast Asia mainland and the Indian border without reinforcements from Korea. The rotation of Soviet-equipped armies to these points, which is under way, would enhance Peiping's capabilities for such operations.

Nationalist China has been apprehensive of a Korean truce, fearing a Communist attempt to discuss in the political conference China's UN seat and the status of Formosa. In view of

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Peiping's frequent suggestions that it will first explore political means for extending its control over Formosa, an early Communist military operation against the island appears unlikely. Moreover, it is generally believed that the Communists' naval weakness will continue to prevent an assault so long as the US 7th Fleet is committed to the island's defense.

Japanese pronouncements have indicated that an effective Korean truce will lead to a decline in Japanese awareness of the Communist threat and thus to decreased official and public support for rearming Japan. Japan must find a substitute for the special economic support provided by UN military procurement. There are indications that pressure will increase for political and economic relations with Communist China, that resentment over American bases in Japan will intensify, and that there will be a stronger emphasis on economic rather than military aspects of the mutual security agreement.

An increase in deliveries from Communist China to the Viet Minh, averaging about 1,000 tons a month so far this year, seems likely. The French also fear Chinese troop support of Ho Chi Minh's forces, despite a lack of evidence of any preparations. Some observers anticipate peace overtures from the Viet Minh in an effort to disorganize French policy and split France and the United States. [redacted] the possibility of a genuine peace bid based on a Communist assumption that a referendum under neutral auspices would result in a Viet Minh political triumph.

Other governments bordering Communist China, with the possible exception of Thailand, are not reported to fear an early Chinese Communist invasion of their countries. Neither is there any current evidence, as distinguished from press speculation, that Peiping is contemplating such an operation. Statements from Burmese officials, moreover, suggest that an agreement may conceivably be reached with Peiping for assistance in expelling Chinese Nationalist forces from Burma.

In Korea itself, both Pyongyang and Seoul have made clear in post-truce pronouncements that the truce has not altered their long-range objectives. The Communists continue to call for "unification," and President Rhee is still seeking assurances of American support for a resumption of hostilities if the political conference fails to unify Korea under his authority.

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POLITICAL PROSPECTS IN IRAN

Approval of Prime Minister Mossadeq's unconstitutional plan to dissolve the present Majlis is expected in the nationwide referendum which is to be completed in Iran on 10 August. The Tehran area, which voted on 3 August, has already given overwhelming support to the proposal. The prime minister has publicly stated that general elections will be held, but there probably will be considerable delay.

Mossadeq decreed that the referendum would be by a non-secret ballot. Since voters must include full identification on their ballots, there is little doubt that the referendum will approve dissolution of the Majlis, the constitutional prerogative of the shah.

Mullah Kashani and other opposition leaders have called for a boycott of the referendum. Abstention, however, will not block Mossadeq, as he has the vote of his own followers and the full support of the Tudeh.

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Mossadeq has promised elections for a new Majlis following the referendum, but normally several months are needed to conduct the actual balloting. Rigged elections are standard practice in Iran. During the last elections, the Mossadeq government used both legal and illegal means to ensure victory for its candidates, yet it did not secure complete control of the legislative body. There is nothing in the situation today suggesting that Mossadeq could secure the election of a more docile Majlis.

Though the Tudeh is supporting the prime minister in the referendum, in a parliamentary election it would run its own candidates against Mossadeq and some would probably be successful. In a new Majlis, if and when assembled, Mossadeq accordingly would find himself faced with a small but militant Tudeh bloc, as well as a rightist opposition, whose election he could not entirely prevent.

Tribal chiefs, army officers, the landed gentry, and the supporters of Mullah Kashani could, if united, defeat Mossadeq. In the rural districts where Communists are increasing their activities, the landlords still control most of the peasant

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vote. Many of their candidates could be defeated only through wholesale terrorism on the part of the pro-Mossadeq forces.

Thus, Mossadeq might increase his own support in a new Majlis, but the anticipated Tudeh and conservative opposition would not lend themselves to easy manipulation. The Tudeh would probably support his anti-Western policies, prod him on to more extremist action, awaiting the day when it could take over. Tudeh representation in a Mossadeq cabinet is not an impossibility.

Faced with the prospects of a new Majlis not fully subservient, Mossadeq will accordingly tend to procrastinate on the elections. Aware, however, that the expiration in January of the powers voted him by the Majlis will remove the last vestiges of legality from his position, he will probably call for elections at the last possible moment.

The prime minister's flagrant violation of the secret ballot in the referendum seems to indicate uncertainty over his actual popular backing, although he insists that the people will support him fully. The considerable conservative and rightist plotting to remove him may increase in the coming months, particularly if he takes more arbitrary action.

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PRESIDENT QUIRINO'S ILLNESS COMPLICATES
PHILIPPINE PRESIDENTIAL CAMPAIGN

The critical question for next November's Philippine presidential election is still whether the voters are to be permitted a free choice. Meanwhile, the three-cornered campaign in which former Defense Minister Magsaysay and Carlos Romulo are contesting the re-election of Quirino has been considerably complicated by the precarious state of the president's health.

With their popular appeal at low ebb and with their candidate critically ill, Quirino's Liberal Party stalwarts have shown no willingness to let go their hold on the executive power. Tension has increased and

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an outbreak of violence is likely. Since Nacionalista candidate Magsaysay retains the loyalty of many army officers, such violence could not be easily suppressed.

Quirino, now at Johns Hopkins hospital in Baltimore, will in all probability, stay in the race if he recovers sufficiently to return to Manila and make a few public appearances. The Liberals apparently feel that they are in a position to rely on their organizational strength and control of executive power rather than depend on active campaigning by their candidate.

If Quirino were obviously incapacitated, the Liberal Party leaders might drop him, but they would probably insist that he retain the presidency until the elections. Most reports suggest that Jose Yulo, his running mate would be moved up to head the ticket. [redacted] an understanding with Carlos Romulo's Democratic Party, or at least a part of them, was a distinct possibility, should Quirino bow out.

All the evidence indicates that Magsaysay is by far the most popular of the three candidates, though handicapped by political immaturity. His campaign, aimed at the villagers, is intended to overcome the traditional Philippine habit of voting according to the dictates of local bosses. Although he is surrounded by seasoned Nacionalista politicians, who would themselves bring little change to the country, Magsaysay as the head of the winning party might be able to bring about more effective government.

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Quirino's death would not directly affect Magsaysay's drawing power, would greatly weaken the Liberal Party and would entirely change the position of the Democratic Party. The elevation to the presidency of Vice President Lopez, who deserted the Liberals to become Romulo's running mate, would sap the strength of Quirino's Liberal Party henchmen by depriving them of control of the executive apparatus. They would have the alternative of making a deal with Lopez, from a greatly weakened position, or of trying to prevent him from becoming president.

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Romulo's prospects in the event that Lopez becomes president would be greatly dependent on the latter. If Lopez made a deal with the Liberals, Romulo might withdraw and join the Magsaysay forces. Lacking organization strength, Romulo has from the outset been accorded little chance of winning. Though the importance of his candidacy lies chiefly in its effect on the strength of the two established parties, the support he has attracted from the Liberal Party has not greatly weakened it.

He has, on the other hand, gained strength from antiadministration groups which would otherwise have backed Magsaysay, and he is in direct competition with the Nacionalistas for campaign funds.

Most observers believe that the Democrats may eventually form a coalition with the Nacionalistas. Negotiations reportedly held in July between the two parties were inconclusive, presumably because of the uncertainty caused by Quirino's illness.

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NATURE AND EXTENT OF PROBABLE SATELLITE
INTERNAL CONCESSIONS

The continuing modification of Satellite internal policies indicates that the conciliatory measures, first noted in East Germany in early June, will be pursued despite initial difficulties. The Kremlin apparently believes that these policies will ultimately strengthen Communist control by reducing the stresses and strains which have developed in the Orbit. So far, in addition to East Germany, this new approach has been most evident in Hungary and Albania, and limited steps to improve the lot of the peasants have been promised or taken in Rumania, Poland and Czechoslovakia.

From the concessions granted or promised to date, it is clear that the conciliatory tactics are designed to improve morale and living standards. They do not represent any surrender of the Satellites' long-range goal of communization. Indeed, East German and Hungarian leaders have stressed that their programs, although they will result in a temporary deceleration of industrialization and collectivization, do not alter ultimate goals.

The essentials of the new programs, as outlined and partially implemented by the East German and Hungarian governments, include a curtailment in the rate of collectivization accompanied by increased assistance to the private farmer, a partial return to private trade, general price reductions on basic consumer goods, and an increase in wages.

At the same time, gestures toward a relaxation of harsh police measures have been made and amnesty decrees have been issued. Top party and government organs have been reshuffled in order to create collegial leaderships allegedly more democratic than one-man rule. The conciliatory programs may also include some modification of the Communist campaign against the church and a greater recognition of the individual Satellites' national heritage and culture. Outside of East Germany, however, there has been no evidence of the last steps.

The limited amnesties to date have brought the release of only a small portion of prisoners, none of them political. Similarly, Hungary's announcement that it will abolish all internment camps by 31 October is open to question. Since

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this measure has neither been emulated nor publicized anywhere else in the Satellites, it appears quite possible that it is primarily a device of domestic propaganda. The camps may merely be transferred from the Ministry of Interior to other ministries.

The introduction of the conciliatory program contributed to unrest in East Germany and caused considerable initial confusion within the party in Hungary. In East Germany an early tendency to deal leniently with the rioters has been reversed. In Hungary the concessions have been greeted with much skepticism by the populace, and arrests of some collective farmers and industrial workers have been reported.

Nevertheless, there are no indications that the more moderate economic policies will be discontinued. The Soviet Union apparently believes that these methods are the most feasible for reducing the stresses and strains in the Orbit, and will thereby ultimately strengthen its control. At the same time, such tactics also help the USSR's more realistic efforts to divide the West by creating an appearance of reasonableness and conciliation.

Since the new program resembles in many respects the policies which the Tito regime has inaugurated in recent years, Soviet leaders may calculate that it will stimulate a desire on the part of certain Yugoslav Communists to seek a rapprochement with the USSR.

If these modest concessions can be made by the Satellite governments according to their own timetable, they may lead to a relaxation of internal stresses and strains and also abet Soviet foreign policy. If, however, the reforms add to unrest, as they have in East Germany, the Communists may be forced to reverse the present trend and resort to harsher methods to maintain control.

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